
CONTRACT #6
RFS # 347.16-101
FA # Pending

Department of Revenue

VENDOR:
Global Payment Systems,
LLC



PHIL BREDESEN
Governor

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

REAGAN FARR
Commissioner

May 19, 2008

The Honorable Bill Ketron, State Senator
Chair, Joint Fiscal Review Contract Service Subcommittee
309 War Memorial Building
Nashville, Tennessee 37243-0213

RECEIVED

MAY 27 2008

FISCAL REVIEW

Re: Proposed Non-Competitive Contract
Global Payment Systems, LLC

Dear Senator Ketron:

The subject proposed contract between the Tennessee Department of Revenue and Global Payment Systems, LLC ("GPS") is enclosed herewith for the review of your Subcommittee.

Global Payment Systems provides the Department of Revenue with an Electronic Funds Transfer (EFT) service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers. Currently, taxpayers with a monthly sales tax payment of \$5,000 or more are required by law to remit by EFT. Other taxpayers with monthly tax payment of \$10,000 or more are required by law to remit by EFT.

Global Payment Systems won the original bid for electronic funds transfer by RFP in 1989 and five years later in 1994 won by another RFP. In April 2000, the department entered into sole source negotiation with Global Payment Systems and a contract was entered into for the period beginning September 1, 2000 through August 31, 2005. Another sole source negotiation was made with Global Payment Systems and a contract was entered into for the September 1, 2005 through August 31, 2006 period, from September 1, 2006 through August 31, 2007, and again from September 1, 2007 through August 31, 2008.

We have found the staff of GPS to be efficient, courteous, professional and dedicated to fulfilling the requirements of their contract. They are very responsive to the requests that we make and promptly make any changes that we may need with regard to the services that they render.

Listed below are the reasons why this contract should be awarded to GPS by non-competitive negotiation.

1. There are currently over 22,000 Tennessee Taxpayers enrolled for EFT services through Global Payment Systems, accounting for approximately \$ 2 billion annually. Interruption of this service could be fatal to the tax collection process as well as being a financial and technical burden to taxpayers. Also, additional interest is earned by the Treasurer's Office because these funds are available three to four days earlier, thereby eliminating any float system.
2. A direct connection already exists between Global Payment Systems and the State's Data Center for the transmission and receipt of EFT data.
3. Connections have already been established for the Department of Revenue and Global Payment Systems with the State Financial Institution for delivery of EFT transactions.

The Department of Revenue will have a project in its Information Systems Plan for FY 2010-2011 to transition the current EFT service to in-house services. In order to do this, TDOR will have to design and implement two (2) systems in order to provide all the functionality needed for the EFT program. One of these systems enables taxpayers to initiate their EFT payments via touch-tone phone, and the other system will enable taxpayers to initiate EFT payments on-line via the state's web portal. Note that both systems will have to be implemented at the same time. We do not expect this project to be completed before December 31, 2011, which is after expiration of the current contract. This new 5 year contract will give TDOR the necessary time to complete the systems described above, and employ a plan to phase taxpayers over to the new systems.

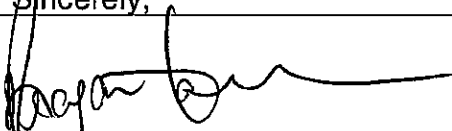
The Department of Revenue wishes to keep the program stable until it can be transitioned to in-house programs to avoid the transfer of over 22,000 taxpayers to a new vendor, and then the transfer a second time in a short timeframe over to in-house programs. This disruption would cause the Department of Revenue to not be in compliance with the law and an average of over \$165 million dollars monthly would not be collected timely until a new contract is approved or in-house solution is implemented.

If you or members of your staff have questions or comments about the subject contract at any time, please do not hesitate to contact me. You may reach me by telephone at (615) 741-2461 or by e-mail at Reagan.Farr@state.tn.us.

The Honorable Bill Ketron, State Senator
May 19, 2008

Page 3

Sincerely,



Reagan Farr

RF:ABC

REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required.

A request can not be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.

1) RFS #	347.16-101-09	
2) State Agency Name :	Tennessee Department of Revenue	
3) Service Caption :	Tax payments through Electronic Funds Transfer (EFT)	
4) Proposed Contractor :	Global Payment Systems, LLC	
5) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt)	September 1, 2008	
6) Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	August 31, 2013	
7) Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$ 1,000,000	
8) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service	
9) Description of Service to be Acquired :	<p>Global Payment Systems provides the Department of Revenue with an EFT service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers.</p>	
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :	<p>The electronic funds transfer program was implemented in January 1990 as required by Public Chapter 332. This law gives the Commissioner of Revenue authority to require certain taxpayers to make payment of their taxes through electronic funds transfer. The statute provides that tax payment be made in immediately available funds on or before the due date of the tax. Payment in immediately available funds can be made by electronic transfer of funds through the Federal Reserve System which include ACH Debits, ACH Credits, and Federal Wire Transfers. Taxpayers with a monthly sales tax payment of \$5,000 or more are required by law to remit by EFT. Other taxpayers with monthly tax payment of \$10,000 or more are required by law to remit by EFT.</p>	
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :	<p>Global Payment Systems won the original bid for electronic funds transfer by RFP in 1989 and five years later in 1994 won by another RFP. In April 2000, the department entered into sole source negotiation with Global Payment Systems and a contract was entered into for the period beginning September 1, 2000 thru August 31, 2005. Another sole source negotiation was made with Global Payment Systems and a contract was entered into for the September 1, 2005 through August 31, 2006 period, from September 1, 2006 through August 31, 2007, and again from September 1, 2007 through August 31, 2008.</p>	

12) Name & Address of the Proposed Contractor's Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Office of the Corporate Secretary
Global Payment Systems, LLC
National Data Plaza
Atlanta, GA 30329-2010

13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :

Global Payment Systems has been the Department of Revenue sole provider of EFT services for over eighteen (18) years.

14) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

15) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

16) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The Department of Revenue has concluded that no other vendor could provide the EFT service offered by Global Payment Systems without an interruption in service which would cause serious ramifications to taxpayers who use this service as outlined in question number 18.

18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process :
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

Listed below are the reasons we need no interruption in services:

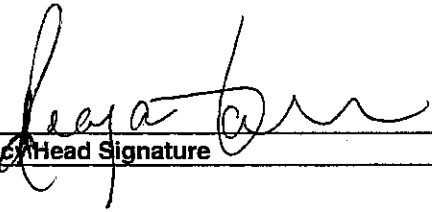
1. There are currently over 22,000 Tennessee Taxpayers enrolled for EFT services through Global Payment Systems, accounting for approximately \$2 billion annually. Interruption of this service could be fatal to the tax collection process as well as being a financial and technical burden to taxpayers. Also, additional interest is earned by the Treasurer's Office because these funds are available three to four days earlier, thereby eliminating any float system.
2. A direct connection already exists between Global Payment Systems and the State's Data Center for the transmission and receipt of EFT data.
3. Connections have already been established for the Department of Revenue and Global Payment Systems with the State Financial Institution for delivery of EFT transactions.

The Department of Revenue will have a project in its Information Systems Plan for FY 2010-2011 to transition the current EFT service to in-house services. In order to do this, TDOR will have to design and implement two (2) systems in order to provide all the functionality needed for the EFT program. One of these systems enables taxpayers to initiate their EFT payments via touch-tone phone, and the other system will enable taxpayers to initiate EFT payments on-line via the state's web portal. Note that both systems will have to be implemented at the same time. We do not expect this project to be completed before December 31, 2011, which is after expiration of the current contract. This new 5 year contract will give TDOR the necessary time to complete the systems described above, and employ a plan to phase taxpayers over to the new systems.

The Department of Revenue wishes to keep the program stable until it can be transitioned to in-house programs to avoid the transfer of over 22,000 taxpayers to a new vendor, and then the transfer a second time in a short timeframe over to in-house programs. The disruption will cause the Department of Revenue to not be in compliance with the law and an average of over \$165 million dollars monthly would not be collected timely until a new contract is approved or in-house solution is implemented.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR—signature by an authorized signatory will be accepted only in documented exigent circumstances)

	5/22/08
Agency Head Signature	Date



STATE OF TENNESSEE
DEPARTMENT OF REVENUE
LEGAL OFFICE
500 DEADERICK STREET
6TH FLOOR ANDREW JACKSON BUILDING
NASHVILLE, TN 37242
(615) 741-2348

MEMORANDUM

TO: John Lamar, Director, Fiscal Division

FROM: Megan Moore, Tax Counsel, Legal Office *mm*

RE: Contract between the Tennessee Department of Revenue and Global Payment Systems, LLC

DATE: May 27, 2008

This memorandum is to confirm the Legal Office's approval of revisions to the original text of the section entitled "E.5. Confidentiality of Records." The Legal Office approved the addition of the term "State" to both the caption and to the first sentence. These additions were made to clarify the applicability of this section to confidential records originating with the State. The Legal Office, therefore, approves of the text with the above stated revisions, which reads as follows:

"Confidentiality of State Records. Strict standards of confidentiality of records of the State shall be maintained in accordance with the law. All material and information, regardless of form, medium, or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State, whether verbal, written, magnetic tape, cards or otherwise, shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor shall maintain the confidentiality of any "Return", "Tax Information" or "Tax Administration Information" as defined by Tenn. Code Ann. Sec. 67-1-1701, generated or acquired pursuant to this Contract. Such "Return", "Tax Information" or "Tax Administration Information" shall be protected as confidential by the Contractor in accordance with the requirements of Tenn. Code Ann. Sec. 67-1-1702 and other applicable laws and regulations. In addition to maintaining the confidentiality of any "Return", "Tax Information" or "Tax Administration Information", the Contractor shall also maintain the confidentiality of other information which it acquires from the State under the Contract, that is marked "Confidential", and shall not disclose such information to any third party unless specifically authorized to do so in writing by the State.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the state's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first or second paragraphs of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract."

**FAX/EMAIL TRANSMITTAL****to Request OIR Procurement Endorsement****TO :** Jane Chittenden, Director
OIR Procurement & Contract Management **FAX # 741-6164****FROM :** John Lamar, Fiscal Director **FAX # 532-8936****DATE :** May 8, 2008**RFS #** 347.16-101-09**RE :** Procurement Endorsement — Tax payments via EFT**INFORMATION SYSTEMS PLAN PROJECT: DG283****NUMBER OF FAX PAGES (including cover) : NUMBER N/A FOR EMAIL**

The nature and scope of service detailed in the attached service procurement document(s) appears to require Office for Information Resources (OIR) review and support, because the procurement involves information technology or information systems services.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call John Lamar at 532-8969.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

Must include the entire contract or amendment document and where applicable, the non-competitive contract or amendment request form. The original contract and any prior amendments that were applied to the same section of the contract must be provided with an amendment. Electronic copies of the contract, amendments, and request form without signature are acceptable.

RFP documents must be provided in electronic form.

OIR Endorsement :

5/9/08

OIR Chief Information Officer**Date**

OIR request-FINAL_050808_1

REQUEST FOR RULE 0620-3-3-.05 EXCEPTION TO DELETE OR REVISE REQUIRED CONTRACT LANGUAGE

NOTE : Approval of a rule exception is NOT required to delete or revise contract language as permitted by model language policy instructions.

APPROVED

M.D. Harkins

Commissioner of Finance & Administration

Date:

5/16/08

RFS # 347.16-101-09

INFORMATION ABOUT THE EXCEPTION(S) REQUESTED

SPECIFIC MODEL POLICY APPLICABLE TO THIS REQUEST

FA-Type, fee-for-service contract model policy

EXACT TEXT OF SUBJECT, REQUIRED CONTRACT PROVISION

- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants
- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State. Any officers, employees or representatives of the State involved in the review and/or inspection of Contractor's personnel records shall treat such records and any identifying information (e.g., social security numbers, addresses, and telephone numbers) contained in the records as confidential.
- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

EXACT TEXT OF PROPOSED, CONTRACT LANGUAGE : (proposed language to replace that detailed above)

Please see attached.

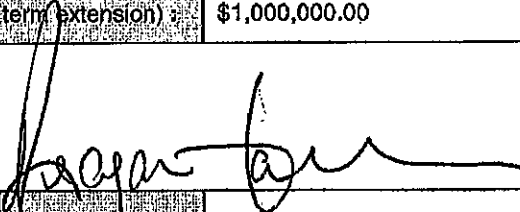
JUSTIFICATION : (compelling rationale for and validation of request to delete or revise required contract language)

Please see attached.

OCR

MAY 14 2008

RECEIVED

INFORMATION REGARDING THE APPLICABLE CONTRACT	
CONTRACTOR :	Global Payment Systems, LLC
SERVICE INVOLVED :	Global Payment Systems provides the Department of Revenue with an EFT service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers.
BEGIN DATE :	09/01/2008
END DATE (including ALL options for term extension) :	08/31/2013
MAXIMUM LIABILITY (including ALL options for term extension) :	\$1,000,000.00
AGENCY HEAD REQUEST SIGNATURE: (signed by the procuring agency head or authorized signatory)	
SIGNATURE DATE:	



PHIL BREDESEN
Governor


STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

REAGAN FARR
Commissioner

MEMORANDUM

TO: Commissioner Dave Goetz
Department of Finance and Administration

ATTN: Kay Wornack
Office of Contracts Review

FROM: Commissioner Reagan Farr 
Department of Revenue

DATE: May 9, 2008

SUBJECT: Exception to Contract Rules -- Deviation from Model Language

The Department of Revenue requests approval of deviation from model contract language for a five year period. Many provisions requested were approved for past contracts.

Global Payment Systems, LLC (GPS) has been the Department of Revenue sole provider of EFT services for over eighteen (18) years. Global Payment Systems won the original bid for electronic funds transfer by RFP in 1989 and five years later in 1994 won by another RFP. In April 2000, the department entered into sole source negotiation with Global Payment Systems and a contract was entered into (after extremely extensive negotiations with GPS and F&A) for the period beginning September 1, 2000 thru August 31, 2005. Another sole source negotiation was made with Global Payment Systems and a contract was entered into for the September 1, 2005 through August 31, 2006 period, from September 1, 2006 through August 31, 2007, and again from September 1, 2007 thorough August 31, 2008. The EDI (Electronic Data Interchange) function is now conducted in house.

Global Payment Systems provides the Department of Revenue with an electronic funds transfer (EFT) tax payment service that is used by taxpayers to remit tax payments for any business tax by ACH Debit. The EFT program is legislatively mandated to certain taxpayers.

The requested contract language is as follows:

- C.6. Payment of Invoice. The State will pay the invoice within forty-five (45) days of receipt. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- D.4.a. Termination for Cause by State. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any material terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.4.b. Termination for Cause by Contractor. If the State fails to properly perform its obligations under this Contract in a timely or proper manner, or if the State violates any terms of this Contract, the Contractor shall have the right to withhold the provision of services hereunder and/or to immediately terminate the Contract. Notwithstanding the above, the State shall not be relieved of liability to the Contractor for damages sustained by virtue of any breach of this Contract by the State.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show reasonable proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants.
- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State. Any officers, employees or representatives of the State involved in the review and/or inspection of Contractor's personnel records shall treat such records and any identifying information (e.g., social security numbers, addresses, and telephone numbers) contained in the records as confidential.
- D.14.a. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D. 14 b. Contractor Liability. The liability of Contractor hereunder shall extend only to actual, direct money damages suffered by the State arising from this Contract. The Contractor shall not be liable for special, consequential or incidental damages, even if it has been advised of the possibility of such damages.
- E.6. Automated Clearing House Processing. Where such services described in Attachment 2 relate to the processing and initiation of entries into the Automated Clearing House (ACH) network on behalf of the State, the Contractor agrees to comply with all applicable and current National Automated Clearing House ACH Rules in effect at the time of performing such services for the State as a Third-Party Service Provider. In addition, the Contractor agrees to enter into a separate agreement with the State's designated ACH Originating Depository Financial Institution (ODFI) at the request of the State and/or the State's ODFI, regarding quality of data, input schedules and deadlines, operating procedures, and any other issues pertinent to the actual processing and delivery of ACH data. The State acknowledges its responsibilities as the Originator under the ACH Rules and maintains agreement with its ODFI to be bound by the ACH Rules relative to Originators. The State further acknowledges that in performing these services for the State, the

Contractor is acting in the capacity of a Third-Party Service Provider, but not as a Third-Party Sender, as defined under the ACH Rules. The State warrants that it has obtained or will obtain the authorization of the Receiver for ACH entries transmitted to the Receiver's account prior to transmission of such entries. The State also acknowledges its responsibilities for settling all related ACH entries with the State's designated ODFI.

Please note that D.4.a., D.4.b., D.14.a., and D.14.b. was approved as model language exception in the contract ending August 31, 2008.

Global Payments Systems will not sign a contract without the contract language changes DOR requests. Without services from GPS or if GPS does not adequately or sufficiently provide the contracted services, the state will be significantly impacted as detailed below:

1. There are currently over 22,000 Tennessee Taxpayers enrolled for EFT services through Global Payment Systems, accounting for approximately \$2 billion annually. Interruption of this service could be fatal to the tax collection process as well as being a financial and technical burden to taxpayers. Also, additional interest is earned by the Treasurer's Office because these funds are available three to four days earlier, thereby eliminating any float system.
2. A direct connection already exists between Global Payment Systems and the State's Data Center for the transmission and receipt of EFT data.
3. Connections have already been established for the Department of Revenue and Global Payment Systems with the State Financial Institution for delivery of EFT transactions.

Please note also that the Department of Revenue will have a project in its Information Systems Plan for FY 2010-2011 to transition the current EFT service to in-house services. In order to do this, TDOR will have to design and implement two (2) systems in order to provide all the functionality needed for the EFT program. One of these systems enables taxpayers to initiate their EFT payments via touch-tone phone, and the other system will enable taxpayers to initiate EFT payments on-line via the state's web portal. Note that both systems will have to be implemented at the same time. We do not expect this project to be completed before December 31, 2011, which is after expiration of the current contract. This new 5 year contract will give TDOR the necessary time to complete the systems described above, and employ a plan to phase taxpayers over to the new systems.

We do not anticipate any performance difficulties with GPS. They have extensive experience working with the Department of Revenue and have satisfactorily fulfilled the terms of the contract in past years.

I would appreciate your early review and approval of these exceptions so that the Department may proceed to finalize a five-year contract with this Contractor.

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF REVENUE
AND
GLOBAL PAYMENTS SYSTEMS, LLC**

This Contract, by and between the State of Tennessee, Department of Revenue, hereinafter referred to as the "State" and Global Payments Systems, LLC, hereinafter referred to as the "Contractor," is for the provision of Electronic Funds Transfer Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a limited liability company.

Contractor Federal Employer Identification or Social Security Number: v58-2221768-00

Contractor Place of Incorporation or Organization: Georgia

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.
- A.2. The Contractor agrees to perform those services described in Attachment 2, Service Description, pages 14 to 22 inclusive ("Service Description"), a copy of which is attached hereto and the terms of which are incorporated into this Contract by reference.
- A.3. The State agrees to perform the following services:
 - A.3.a. Provide the information necessary to load the master file maintained by Contractor at the required time and in the fashion set out in Attachment 2, Service Description, pages 14 to 22 inclusive.
 - A.3.b. Provide information necessary to add or delete the information referenced in A.3.a. above on the master file at the required time and in the fashion set out in Attachment 2, Service Description.
 - A.3.c. Provide approval of, or reasonably withhold approval of, calling instruction cards and other information publications submitted by the Contractor, which require the approval of the State

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on September 1, 2008 and ending on August 31, 2013. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million dollars (\$1,000,000). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability

represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:
- c. The Contractor shall not be compensated for travel time to the primary location of service provision.
- d. A "day" shall be defined as a minimum of eight (8) hours of service. If the Contractor provides fewer than eight hours of service in a standard twenty-four hour day, the Contractor shall bill *pro rata* for only those portions of the day in which service was actually delivered. The Contractor shall not bill more than the daily rate even if the Contractor works more than eight hours in a day.

Service Description	Amount (per compensable increment)
EFT	
Tax Payment (Ttone, Voice, Internet)	\$0.60 each
Transaction Error (Ttone, Internet)	\$0.60 each
Transaction - Warehouse	\$0.01 each per day warehoused
Additional Fields (Subcategory/Amount Type)	\$0.05 each
Transaction Display/Inquiry	\$0.79 each
Maintenance	
Taxpayer Storage (Account)	\$0.25 each
Taxpayer (Add/Change/Delete)	\$1.00 each
Taxpayer Password Reset	\$1.00 each per day
Report Charges	
Output File	\$300.00 each per month
Fax Confirmation	\$50.00 each per month
Other - Daily Transaction Report	\$150.00 each per month
Implementation	
New Application Set-up	\$2,000.00 each
Touchtone Set-up	\$250.00 each
Touchtone Custom Prompts	\$10.00 each

Postage	\$2.00 each
Express Postage	\$40.00 each
Database File Extraction	\$300.00 each
System Dependability	
Back-up Files	No charge
Other-Research	\$50.00 per hour
Leased Line Implementation	\$1,500.00 each
Leased Line	\$1,250.00 each per month
Professional Services Hourly Rates	
VP/Industry Specialist/Partner	\$225.00 per hour
Senior Consultant/Director	\$200.00 per hour
Project Leader/Manager	\$180.00 per hour
Senior Programmer Analyst	\$150.00 per hour
Implementation Specialist/Trainer	\$190.00 per hour
Programmer/Analyst	\$95.00 per hour
System Analyst	\$95.00 per hour
Programmer	\$95.00 per hour
Technical Writer	\$120.00 per hour
Quality Assurance/Analyst	\$100.00 per hour
Professional Services Daily Rates	
VP/Industry Specialist/Partner	\$1,800.00 per day
Senior Consultant/Director	\$1,600.00 per day
Project Leader/Manager	\$1,440.00 per day
Senior Programmer Analyst	\$1,200.00 per day
Implementation Specialist/Trainer	\$1,520.00 per day
Programmer/Analyst	\$760.00 per day
System Analyst	\$760.00 per day
Programmer	\$760.00 per day
Technical Writer	\$1,000.00 per day
Quality Assurance/Analyst	\$800.00 per day

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

- a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

State of Tennessee, Department of Revenue
500 Deaderick Street
Room 1220
Nashville, TN 37242

- b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Department of Revenue, Processing Division
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) ~~Contractor Federal Employer Identification Number or Social Security Number (as~~
referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.

- c. The Contractor understands and agrees that an invoice to the State under this Contract shall:
 - (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
 - (2) not include any future work but will only be submitted for completed service; and
 - (3) not include sales tax or shipping charges.
 - d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.
 - e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.
- C.6. Payment of Invoice. The State will pay the invoice within forty-five (45) days of receipt. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of

Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The Contract may be terminated by either party by giving written notice to the other, at least ninety (90) days before the effective date of termination. Should the State exercise this provision, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the Contractor exercise this provision, the State shall have no liability to the Contractor except for those units of service which can be effectively used by the State. The final decision as to what these units of service are, shall be determined by the State. In the event of disagreement, the Contractor may file a claim with the Tennessee Claims Commission in order to seek redress.
- D.4.a. Termination for Cause by State. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any material terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.4.b. Termination for Cause by Contractor. If the State fails to properly perform its obligations under this Contract in a timely or proper manner, or if the State violates any terms of this Contract, the Contractor shall have the right to withhold the provision of services hereunder and/or to immediately terminate the Contract. Notwithstanding the above, the State shall not be relieved of liability to the Contractor for damages sustained by virtue of any breach of this Contract by the State.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show reasonable proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, ~~of the state of Tennessee, addressing the use of illegal immigrants in the performance of any~~ Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment One, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State. Any officers, employees or representatives of the State involved in the review and/or inspection of Contractor's personnel records shall treat such records and any identifying information (e.g., social security numbers, addresses, and telephone numbers) contained in the records as confidential.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.14.a. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D. 14 b. Contractor Liability. The liability of Contractor hereunder shall extend only to actual, direct money damages suffered by the State arising from this Contract. The Contractor shall not be liable for special, consequential or incidental damages, even if it has been advised of the possibility of such damages.
- D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, natural disasters, riots, wars, epidemics or any other similar cause.
- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

- D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
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- D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Bill Shanko, Information System Manager 3
 ITR Division
 Tennessee Department of Revenue
 7th Floor, Andrew Jackson State Office Building
 500 Deaderick Street
 Nashville, TN 37242
 Email: Bill.Shanko@state.tn.us
 Tel: (615) 741-8386
 FAX: (615) 532-2701

The Contractor:

Travis D. Vaughn, III
 Division Vice President
 Money Transfer Services
 Global Payments Systems LLC
 10 Glenlake Parkway NE
 North Tower
 Atlanta, GA 30328-3473
 Email: travis.d.vaughn@globalpay.com
 Telephone # (770) 829-8040
 FAX # (770) 829-8973

Copy to:

Corporate Secretary
 Global Payments Inc.

10 Glenlake Parkway, NE
North Tower
Atlanta, Georgia 30328

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Confidentiality of State Records. Strict standards of confidentiality of records of the State shall be maintained in accordance with the law. All material and information, regardless of form, medium, or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State, whether verbal, written, magnetic tape, cards or otherwise, shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.
- The Contractor shall maintain the confidentiality of any "Return", "Tax Information" or "Tax Administration Information" as defined by Tenn. Code Ann. Sec. 67-1-1701, generated or acquired pursuant to this Contract. Such "Return", "Tax Information" or "Tax Administration Information" shall be protected as confidential by the Contractor in accordance with the requirements of Tenn. Code Ann. Sec. 67-1-1702 and other applicable laws and regulations. In addition to maintaining the confidentiality of any "Return", "Tax Information" or "Tax Administration Information", the Contractor shall also maintain the confidentiality of other information which it acquires from the State under the Contract, that is marked "Confidential", and shall not disclose such information to any third party unless specifically authorized to do so in writing by the State.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the state's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first or second paragraphs of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the

Contractor's knowledge, is free to disclose the information independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract.

- E.6. Automated Clearing House Processing. Where such services described in Attachment 2 relate to the processing and initiation of entries into the Automated Clearing House (ACH) network on behalf of the State, the Contractor agrees to comply with all applicable and current National Automated Clearing House ACH Rules in effect at the time of performing such services for the State as a Third-Party Service Provider. In addition, the Contractor agrees to enter into a separate agreement with the State's designated ACH Originating Depository Financial Institution (ODFI) at the request of the State and/or the State's ODFI, regarding quality of data, input schedules and deadlines, operating procedures, and any other issues pertinent to the actual processing and delivery of ACH data. The State acknowledges its responsibilities as the Originator under the ACH Rules and maintains agreement with its ODFI to be bound by the ACH Rules relative to Originators. The State further acknowledges that in performing these services for the State, the Contractor is acting in the capacity of a Third-Party Service Provider, but not as a Third-Party Sender, as defined under the ACH Rules. The State warrants that it has obtained or will obtain the authorization of the Receiver for ACH entries transmitted to the Receiver's account prior to transmission of such entries. The State also acknowledges its responsibilities for settling all related ACH entries with the State's designated ODFI.
- E.7. Limitation of Liability. The parties agree that the total liability of the Contractor for breach of this Contract shall not exceed two (2) times the value of this Contract. The value shall be established by the Contract Maximum Liability in Section C.1 and increased by subsequent amendments if any. The foregoing provision shall not limit the Contractor's liability for intentional torts, criminal acts or fraudulent conduct.

IN WITNESS WHEREOF:

GLOBAL PAYMENTS SYSTEMS, LLC:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF REVENUE:

REAGAN FARR, COMMISSIONER

DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

ATTACHMENT 2 SERVICE DESCRIPTION

1. ELECTRONIC FUNDS TRANSFER SERVICES

Global Payments' Taxpayer @dvantage provides a user-friendly mechanism by which the State of Tennessee can provide complete electronic tax payment services to commercial taxpayers. Businesses simply initiate their tax payments via a variety of input modes including operator-assisted, touch-tone, internet, and/or batch reporting.

1.1 TAXPAYER REPORTING

Taxpayers report their tax payments using easy, step-by-step reporting instructions that are customized to reflect Tennessee's data requirements for each tax type. The taxpayer may report a single tax payment or may include multiple tax payments in a single reporting session, using any of four reporting methods:

- Voice (i.e., operator-assisted)
- Touch-tone
- Internet
- Batch

Global Payments provides a toll-free telephone numbers for voice and touch-tone reporting. These numbers are unique to the EFT Tax Collection program. In addition to tax payment information, each taxpayer's report includes the confidential PIN. This PIN is verified against the master database during the reporting sequence.

The reported information is transmitted to Global's computer system where it is edited to ensure its validity. A response—indicating acceptance or rejection—is then returned to the taxpayer.

Taxpayers may report multiple tax type payments during the same session.

1.1.1 VOICE REPORTING

Participating voice taxpayers call Global Payments using Global's toll-free number. Operators are available 24 hours a day, seven days a week and are experienced in collecting tax payments. Additionally, these operators are trained to transcribe EFT tax payments, enabling them to assist taxpayers that may be unfamiliar with the call-in procedures.

1.1.1.1 Voice Reporting Process

The following table illustrates Tennessee's voice reporting process.

Step	Action
1	Taxpayer calls Global Payments using the toll-free number: <ul style="list-style-type: none">• At least one business day prior to the due date and before the predetermined cutoff time.
2	Operator asks for and verifies: <ul style="list-style-type: none">• Bank number• Taxpayer identification number (TIN)• Personal identification number (PIN)
3	Taxpayer reports: <ul style="list-style-type: none">• Tax type code

	<ul style="list-style-type: none"> • Tax period • Tax Payment Amount • Settlement date 	
4	Operator repeats information for confirmation	
5	Operator transmits data to Global's computer system	
6	Global's computer system edits data to ensure validity.	
7	If the operator ...	Then the operator ...
	Receives a confirmation number,	Passes along confirmation number to taxpayer, indicating the report was successful.
	Receives a message that a field of data was invalid,	Requests taxpayer to repeat the data for that field. Once correct data has been entered, steps 5–7 are repeated.

1.1.2 TOUCHTONE REPORTING

Taxpayers who choose to use touch-tone reporting dial a Global toll-free telephone number. Interactive Voice Response (IVR) units use a friendly, prerecorded human voice to conduct a scripted reporting conversation with the taxpayer. The IVR's may be accessed by taxpayers 24 hours a day, 7 days a week.

1.1.2.1 Touch-Tone Reporting Process

The following table illustrates the touch-tone reporting process.

Step	Action	
1	Taxpayer calls Global Payments using the toll-free number: <ul style="list-style-type: none"> • At least one business day prior to the due date and before the determined cutoff time. 	
2	IVR prompts the caller for: <ul style="list-style-type: none"> • Bank number • Taxpayer identification number (TIN) • Personal identification number (PIN) 	
3	Caller provides the information requested.	
4	IVR prompts caller for required data: <ul style="list-style-type: none"> • Tax type code • Tax period • Tax Payment Amount • Settlement date 	
5	As caller provides each item of data, IVR repeats information to the caller for confirmation.	
6	IVR transmits data to Global's computer system.	
7	Global's computer system edits data to ensure validity.	
8	If the IVR ...	Then the IVR ...
	Receives a confirmation number	Provides the confirmation number to taxpayer, indicating that the report was successful.
	Determines input is erroneous	Transfers caller to a Global Payments operator.
	Accepts the data, but data is	Transfers caller to a Global Payments operator.

	rejected by the application server	
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1.1.2.2 IVR Call Management System

The mechanisms and procedures incorporated into our voice telephone call management are also present for touch-tone telephone calls. In addition, the IVR call management system allows a touch-tone call to "roll over" to a Service Representative.

Once the input data has been confirmed by the caller, the IVR transmits the information over the Global Payments telecommunications network to the Global Payments central computer complex for editing, processing and data storage. Upon completion, the Global Payments computer system sends a reply to the IVR which then "speaks" the response to the caller.

If Global's computer system detects any data errors, an appropriate error message is returned to the IVR, which advises the caller of the error and requests corrected information. The IVR then transmits the corrected data to the central computer complex.

Upon completion of the call, the IVR releases the call and the IVR port becomes available to take another call.

1.1.3 INTERNET REPORTING

Internet reporting is done through Global Payments' Taxpayer @dvantage service designed specifically for the entry and transmission of tax payments.

Internet reporting provides a number of unique features which allows the taxpayer to use the service easily and effectively:

- Web pages with user-friendly layout and terminology
- Functionality for adding payments by tax type
- Functionality for viewing pending and cut-off payments
- Functionality for changing and/or deleting pending payments
- Multiple levels of security, password protection and user-specific access to key functions

Like the other reporting methods, Internet reporting is available to taxpayers 24 hours a day, 7 days a week. Taxpayers selecting the Internet as their primary access are also provided with Touch-tone and Voice reporting instructions as backup.

1.1.4 BATCH REPORTING

Taxpayers, third party preparers and/or service bureaus have the ability to report large volumes of tax payment information through a batch reporting process. As part of this reporting process, Global Payments provides a confirmation file for each payment file processed.

1.2 UPDATES TO TAXPAYER DATABASE

Each taxpayer is added to Global's taxpayer database using a state-assigned taxpayer identification number via Global's Taxpayer Administrator service. When a taxpayer is set up, the system assigns each taxpayer a unique personal identification number and taxpayer password to be used during taxpayer reporting.

An ACH prenotification record is created each time a new taxpayer record is added to the taxpayer database and each time the taxpayer's banking information is changed. A "prenote" file of all such ACH prenotification records is produced and transmitted to the state's bank for processing.

In addition, reporting instructions addressed to each new taxpayer will be generated and mailed to each taxpayer, as appropriate, updated in the database.

1.3 PAYMENT CONFIRMATION

The Taxpayer @dvantage system will provide a unique 8-digit EFT Verification Code for each tax payment accepted by the Taxpayer @dvantage system.

In addition, the system will provide a 2-digit Payment Validation Number against which the taxpayer may precalculate and compare the transaction's 2-digit validation number to assist with detecting input errors. Calculating the verification code incorporates the use of a predefined algorithm based on the dollar amount of the tax payment. The resulting two-digit number will correspond to a portion of a system-generated, four-digit number that is provided to the taxpayer at the end of the report; the other two digits of the system-generated code are based on a proprietary algorithm. If the taxpayer's calculated payment validation code does not match the system-generated code, the taxpayer may then reconfirm and/or correct the reported fields.

1.4 WAREHOUSING

Taxpayers may initiate a tax payment up to 90 days in advance of the due date by reporting a future settlement date. This allows the taxpayer the ability to warehouse a transaction until the requested effective date of funds transfer. The taxpayer has sole responsibility to ensure that the reported settlement date is prior to the tax due date.

1.5 SYSTEM EDITS

The system edits all input fields for format and integrity as follows:

- Bank number, which identifies the State, must be numeric, 1–4 digits and in the Taxpayer @dvantage database.
- Bank Password must match the value in the Taxpayer @dvantage database associated with the input Bank number.
- Taxpayer ID and Federal/State Code must exist in the Taxpayer @dvantage database under the Bank number.
- Taxpayer Password must match the value in the Taxpayer @dvantage database associated with the input Taxpayer ID and Federal/State Code.
- PIN must match the value in the Taxpayer @dvantage database associated with the input Taxpayer ID and Federal/State Code.
- Tax Type (Internet reporting only) and Tax Code must be valid for the specified Taxpayer ID and Federal/State Code.
- Effective Date must be a valid date for the Tax Type.
- Payment Amount must be dollars and cents and must be between 4 and 11 characters, inclusive.
- Settlement Date must be at least the following business day and cannot be more than 90 calendar days in the future.

1.6 SECURITY

The EFT transaction access methodology and structure provides the State of Tennessee with the following database security capabilities:

- For transaction processing programs, database access is limited solely to the unique ID for each Taxpayer ID. Transaction-processing programs are denied access to the taxpayer database without a valid ID and PIN.
- Web, touch-tone, voice and batch processing programs are allowed to access and/or update only the taxpayer's reported payment data associated with the taxpayer ID. During transaction processing, these programs cannot update another Taxpayer's data; in addition, these processing programs cannot alter a taxpayer's "static" data (e.g., bank account).
- All data updates are logged automatically by the operating system to the computer system's audit trail files.

Sophisticated security systems and procedures protect the integrity of all components of our data collection, processing, and delivery systems. These safeguards include network security constraints, system safeguards and controls, devices and procedures for database protection, and unmodifiable audit trails for all transactions.

1.7 SYSTEM SAFEGUARDS AND CONTROLS

Global Payments provides safeguards and controls to ensure that data are protected from unauthorized access, accidental destruction, equipment- or software-related data contamination.

1.8 AUTHORIZED PASSWORD PROTECTED ACCESS

The Global Payments network system maintains two classes of logical (information) security. The first is programming mode. There are features in this mode that make it impossible to get into the Global Payments system by any means other than through one of the internal network ports. In addition, by the design of the network, it is impossible to access our host computer systems directly from outside the internal LAN. When a terminal is set up to allow programming mode, a unique user ID and password are assigned, and read and write privileges are established.

The second class of logical security is transaction mode. The features of this mode provide for an operator to have an ID number and password to enable access; access is also restricted to user group, and user groups are restricted by function. Certain user groups can only execute each function; the system rejects any undefined terminal device, user, or message.

1.9 CONTROLLED ACCESS

Access security is provided by multilevel access controls. The following table lists the security fields required for access by each of our reporting methodologies:

		Web	Touch-tone	Voice	Batch
Security Fields:	Transmission System User ID				■
	Transmission System Password				■
	Bank No.	■	■	■	■
	Bank Password	■			
	TIN	■	■	■	■
	Taxpayer Password	■			
	Taxpayer PIN	■	■	■	■

All required input values are verified by the appropriate system and application security tables. Only authorized personnel can change passwords and PINs.

1.10 NETWORK AND DATABASE SECURITY

The following database and network security constraints are imposed by our systems on support personnel and terminals for nonapplication access to the database:

- Network access methodologies and database design do not allow direct modification of on-line data.
- Internal terminals are not authorized for direct updates to production databases.
- When necessary, update access capability to the production database requires signatures from operations senior management.

- Production database updates are performed from designated terminals that are “turned on” for production database access and “turned off” upon completion of the task.
- All such manual updates are logged to the system audit trail files.

Neither programs nor personnel can override these security procedures and automatic logging.

1.11 UNMODIFIABLE AUDIT TRAIL

Audit trails are written to disk under the control of the operating system. An audit record is written for each transaction. The entire system database is copied to disk every two (2) hours at which point the audit trail sequence begins anew.

1.12 DATABASE HISTORY

At the application level, historical records are maintained for all updates to the taxpayer database as well as for all payment records.

1.13 SUPPORT

Global Payments personnel are available 24 hours a day to respond immediately to critical production or transmission situations and to take the necessary corrective action.

The following table summarizes Global Payments customer support coverage:

Department	Hours of Coverage
Customer Support	8:00a.m.-5:00 p.m. (EST) Mon.-Fri. Beeper coverage 24 hours a day, 7 days a week
Data Transmissions	24 hours a day, 7 days a week
Command Center	24 hours a day, 7 days a week

1.14 ADDITIONAL CUSTOMER CONTACTS

In addition to the support described above, Global Payments designates management escalation contacts that are available from 8:00 a.m. to 5:00 p.m. Monday through Friday.

1.15 ACH PROCESSING

As mutually agreed upon by the State and its designated financial institution, cutoff has been set at 4:30 each business day. At cutoff, data reported from the last cutoff period to the current is selected for generation of the output files. Transaction reported after cutoff will be included in the next business day's cycle.

Payment transactions are processed based on the reported settlement date. On the business day prior to its specified settlement date, each payment will be transmitted to the State's designated financial institution for processing.

1.16 ACH FILE

At cutoff, Global Payments prepares a NACHA-format CCD file of the tax payment data for delivery to the State's designated financial institution. The file contains information for each tax payment as follows:

- Code to specify ACH debit transactions
- Effective entry date of these transactions
- Taxpayer bank's ABA number, account number and account type for this tax type
- TIN
- Payment amount
- Reference (trace) number for this transaction and
- Totals for all ACH debit transactions for above transaction date.

1.17 STATE'S FILE

Global Payments provides the State an ACH CCD+TXP file containing all the tax payment data using standard banking convention.

- Code to specify ACH debit transactions
 - Effective entry date of these transactions
 - Tax code
 - Taxpayer bank's ABA number, account number and account type for this tax type
 - Tax period ending date for this payment
-
- TIN
 - Payment amount
 - Reference (trace) number for this transaction and
 - Totals for all ACH debit transactions for above transaction date.

1.18 Taxpayer @dministrator

Taxpayer @dministrator enables the State to manage and maintain its taxpayer database. For security and control, Taxpayer @dministrator allows a State coördinator (whose access credentials are established by Global Payments) to implement State users. Users may then be granted access, as appropriate, to the following capabilities:

- Add, change, delete and view taxpayers
- Reset passwords
- View current and historical tax payments
- View other information such as tax types, holiday processing schedules and end-of-day processing

2. SYSTEM DEPENDABILITY

The Global Payments team has engineered its real-time, on-line systems to ensure that backup has been provided for all critical system components. The intent and design has been to ensure that no single component failure can adversely affect the service being offered. In most cases, any transient problem that may be encountered can be corrected without impacting our clients; most system components can be replaced without affecting the overall system operation.

The comprehensive backup resources that ensure system availability to Global Payments customers are as follows:

- Global Payments' applications servers are multiprocessor computers supported by other computers that can replace the primary systems, if necessary.
- The entire data processing complex is protected by uninterruptible power source and preaction sprinkler systems.
- Critical on-line databases stored in high-availability storage area network systems or on mirrored disk drives to provide total redundancy.
- The on-line real-time systems write audit trails to the SAN.
- All data stored in Global Payments database is backed up onto magnetic cartridge media each 24 hours. For recovery purposes, audit trails records are written to reflect database updates following each database back-up.
- The voice center has its own uninterruptible power source systems.
- Redundant frame-relay circuits from different telecomm providers link the voice center with the central processing facility and back-up site.

- Within the voice center, battery backup and/or other forms of power protection systems are utilized.
- The calls handled by Global Payments utilize a large group of WATS circuits such that a failure of one or more circuits will not adversely affect the overall service.
- Where communications controllers are utilized, sufficient backup equipment exists to enable service to be quickly restored.

• Global maintains 24x7 systems and network monitoring operations, which closely monitor the total delivery mechanism.

2.1 SYSTEM AVAILABILITY

One of the important reasons for Global Payments success in the corporate tax payment business is our ability to consistently provide a very high level of system availability. We minimize system downtime by building redundancy and backup in all aspects of our operations. To ensure that taxpayers will be able to access our web site, IVR and voice operators to make their tax payment reports, we provide multiple and backup telephone lines, IVR equipment, web servers, etc. In addition, the voice center has UPS capabilities with battery and generator support.

The existence of backup equipment, although important, is not the only key to success. The most important element of success is the prevention or minimization of service interruption. A second element is the speed with which service is restored when interruptions occur. In order to minimize the effects of the interruption, Global Payments has concentrated much effort in these areas; where possible, backup equipment is actually in use rather than simply being in a standby mode.

2.2 BUSINESS CONTINUITY

Global Payments has developed a Business Continuity Plan that provides guidelines and instructions for handling many types of emergencies such as uninhabitable facilities, primary systems failures, etc.

In addition to the redundancy provided at each primary site, we also have a business continuity backup site to ensure continuity of service even if the primary computer center malfunctions. The backup site enables us to resume processing incoming tax payments should the primary site be unavailable.

2.3 SYSTEM INFRASTRUCTURE

Global Payments has the necessary computer and audio response hardware, systems and applications software, telecommunications network, voice centers, technical personnel, and extensive experience necessary to handle the State's data collection, processing and delivery requirements.

2.3.1 FILE TRANSFER SERVERS

Global Payments' file transfer servers enable customers to communicate file data in a variety of methods including VPN/FTP, dial-up async/FTP, dial-up bisync, and dial-up async/XYZmodem protocols. File transfers are handled by Windows servers which provide the customer interface for internal file distribution. Each customer has sign-on credentials associated with dedicated file directories for input and output services.

2.3.2 WEB SERVERS

Our web server systems provide a highly redundant web interface for all customer applications using this input/output methodology. Servers use network load balancing technologies to provide highly available web services. Web servers are accessed through secure firewall systems to control access security. SSL security is utilized for applications dealing with funds transfers and tax payments.

2.3.3 APPLICATION SERVERS

Application servers are clustered to provide a high degree of availability for customer applications. These applications servers interface to the file transfer, web and database servers to enable scalable application growth. Application software is developed on a separate development system; quality

assurance testing is performed on a separate QA system. Once application updates satisfy quality assurance testing parameters, updates are then moved to the production systems—thus providing an orderly deployment of new software releases.

2.3.4 DATABASE

The database is deployed on the clustered application servers using the MAPPER relational database environment. All data is archived to external media for long-term data storage and system back-up/recovery.

3.3.5 DATA STORAGE

Off-line storage is utilized for backup and archival purposes. On daily, weekly, and monthly cycles, Global Payments performs a backup of the data from the mass storage media onto magnetic cartridge. These backups are stored in duplicate: one copy in the Tape Library and one at the off-site facility. Taxpayer @dventure tax payment transactions are retained on-line for a year, then archived. The MAPPER database, in which Taxpayer @dventure information resides, is backed up multiple times daily.